

§ 254.1

- 254.6 Deceptive use of diplomas, degrees, or certificates.
- 254.7 Deceptive sales practices.
- 254.8 Deceptive pricing and misuse of the word "free."
- 254.9 Deceptive or unfair collection and credit practices.
- 254.10 Affirmative disclosure prior to enrollment.

AUTHORITY: 38 Stat. 717, as amended; 15 U.S.C. 41-58.

SOURCE: 37 FR 9665, May 16, 1972, unless otherwise noted.

§ 254.1 Definitions.

(a) *Industry member*. Any person, firm, corporation, or organization engaged in the operation of a privately owned school which offers resident or correspondence courses or training or instruction purporting to prepare or qualify individuals for employment in any occupation or trade or in work requiring mechanical, technical, artistic, business, or clerical skills or which is for the purpose of enabling a person to improve his appearance, social aptitude, personality, or other attributes is considered to be an industry member. However, the term *industry member* shall not include resident primary or secondary schools or institutions of higher education which offer at least a 2-year program of accredited college level studies for resident students which is generally acceptable for credit toward a bachelor's degree.

(b) *Accredited*. For the purpose of this part the term *accredited* means that a course or school to which the term is applied has been evaluated and found to meet established criteria by an accrediting agency or association recognized by the U.S. Commissioner of Education of the U.S. Department of Health, Education, and Welfare, as reliable authority as to the quality of the training offered.

(c) *Approved*. For the purpose of this part, the term *approved* means that a school or course has been recognized by a State or Federal agency as meeting educational standards or other related qualifications as prescribed by that agency for the school or course to which the term is applied. It is not and should not be used interchangeably with "accredited," and the term "approved" is not justified by the mere grant of a corporate charter to operate

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or license to do business as a school and should not be used unless the represented "approval" has in fact been affirmatively required or authorized by State or Federal law. [Guide 1]

§ 254.2 Deceptive trade or business names.

(a) An industry member should not use any trade or business name, label, insignia, or designation which has the capacity and tendency or effect of misleading or deceiving prospective students, or student with respect to the nature of the school, its accreditation, programs of instruction or methods of teaching, or any other material fact.

(b) An industry member should not falsely represent directly or indirectly by the use of a trade or business name or in any other manner that:

(1) It is a part of or connected with a branch, bureau, or agency of the U.S. Government, or of any State, or civil service commission;

(2) It is an employment agency or that it is an employment agent or authorized training facility for another industry or member of such industry, or otherwise deceptively conceal the fact that it is a school.

(c) If an industry member conducts its instruction wholly by correspondence or home study, a clear and conspicuous disclosure should be made in immediate conjunction with its trade or business name that it is a correspondence or home study school. An industry member which offers both resident and correspondence or home study instruction should clearly and conspicuously identify in all advertisements and promotional materials, except in those pertaining solely to its resident program, the programs or courses to be offered in whole or in part by correspondence or home study. [Guide 2]

§ 254.3 Misrepresentation of extent or nature of accreditation or approval.

(a) An industry member should not misrepresent directly or indirectly the extent or nature of any approval its school may have received from a State agency or the extent or nature of its